



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

Capital Plaza Building, PO Box 40912 □ Olympia, Washington 98504-0912 □ (360) 570-6100

FOR IMMEDIATE RELEASE

**For further information, contact
Arun Raha
(360) 570-6105**

OLYMPIA, June 17, 2010 – The national and Washington economic recovery is progressing largely as we expected in February. Both the national and state economies experienced sustained job growth in the initial months of 2010. However, the May employment reports were disappointing and suggest that the recovery will be slow and uneven. Recent housing data also indicate a significant pullback in activity following the expiration of the home buyers' tax credit. The European sovereign debt crisis will also slow the recovery in the short term, but hopefully not derail it.

The June 2010 General Fund-State forecast for the 2009-11 biennium is \$29.3 billion, which is \$557.6 million more than the February forecast. Non-economic changes, primarily related to the 2010 legislative session, added \$802.9 million to revenue in the current biennium. Revenue collections since the last forecast were \$38.5 million below our February forecast. The remaining reduction of \$206.8 million is due to a somewhat weaker near-term economic outlook than assumed in February. The June 2010 General Fund-State forecast for the 2011-13 biennium is \$34.1 billion, which is \$1,858.4 million more than the February forecast. A slightly stronger economic forecast for the 2011-13 biennium added \$197.4 million in revenue and non-economic changes added the remaining \$1,661.1 million.

As required by law, optimistic and pessimistic alternative forecasts were also prepared. The forecast based on more optimistic economic assumptions netted \$579 million (2.0%) more revenue in the 2009-11 biennium and \$2,541 million (7.5%) more revenue in the 2011-13 biennium than did the baseline forecast. The pessimistic alternative was \$646 million (2.2%) lower in 2009-11 and \$2,903 (8.5%) million lower in 2011-13. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$85 million (0.3%) less revenue in the 2009-11 biennium and \$440 million (1.3%) less in the 2011-13 biennium.

###